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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL UTILITIES SERVICE

**FINANCIAL AND OPERATING REPORT  
ELECTRIC DISTRIBUTION**

BORROWER DESIGNATION MI0029

PERIOD ENDED December, 2017 (Prepared with Audited Data)

BORROWER NAME The Ontonagon County Rural Electrification Ass

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

**CERTIFICATION**

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

**ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII**

(check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Deborah Miles

3/30/2018  
DATE

**PART A. STATEMENT OF OPERATIONS**

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	6,057,861	6,139,962	6,396,695	607,788
2. Power Production Expense				
3. Cost of Purchased Power	2,405,587	2,332,389	2,571,392	221,240
4. Transmission Expense				
5. Regional Market Expense				
6. Distribution Expense - Operation	311,963	310,796	414,010	12,172
7. Distribution Expense - Maintenance	621,396	599,186	692,868	33,680
8. Customer Accounts Expense	180,047	202,945	251,368	5,625
9. Customer Service and Informational Expense	112,550	120,168	116,088	8,223
10. Sales Expense				
11. Administrative and General Expense	423,152	567,229	509,964	50,398
12. Total Operation & Maintenance Expense (2 thru 11)	4,054,695	4,132,713	4,555,690	331,338
13. Depreciation and Amortization Expense	742,452	768,683	756,000	64,792
14. Tax Expense - Property & Gross Receipts	246,178	264,620	249,000	26,406
15. Tax Expense - Other				
16. Interest on Long-Term Debt	679,319	642,464	701,943	57,595
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	18,453	79,808	70,019	7,507
19. Other Deductions	21,447	20,404	20,436	1,701
20. Total Cost of Electric Service (12 thru 19)	5,762,544	5,908,692	6,353,088	489,339
21. Patronage Capital & Operating Margins (1 minus 20)	295,317	231,270	43,607	118,449
22. Non Operating Margins - Interest	5,845	10,852	4,200	455
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments	42,931	50,138	23,200	10,805
25. Non Operating Margins - Other	89,598	145,767	60,000	44,543
26. Generation and Transmission Capital Credits				
27. Other Capital Credits and Patronage Dividends	112,774	110,704	91,000	5,172
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	546,465	548,731	222,007	179,424

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	MI0029
	PERIOD ENDED December, 2017
INSTRUCTIONS - See help in the online application.	

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	34	35	5. Miles Transmission		
2. Services Retired	47	6	6. Miles Distribution – Overhead	817.20	817.54
3. Total Services in Place	5,812	5,841	7. Miles Distribution - Underground	142.25	146.77
4. Idle Services (Exclude Seasonals)	633	648	8. Total Miles Energized (5 + 6 + 7)	959.45	964.31

PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	28,290,693	30. Memberships	22,950
2. Construction Work in Progress	943,884	31. Patronage Capital	4,499,207
3. Total Utility Plant (1 + 2)	29,234,577	32. Operating Margins - Prior Years	0
4. Accum. Provision for Depreciation and Amort.	8,661,708	33. Operating Margins - Current Year	341,974
5. Net Utility Plant (3 - 4)	20,572,869	34. Non-Operating Margins	206,757
6. Non-Utility Property (Net)	0	35. Other Margins and Equities	32,497
7. Investments in Subsidiary Companies	0	36. Total Margins & Equities (30 thru 35)	5,103,385
8. Invest. in Assoc. Org. - Patronage Capital	217,091	37. Long-Term Debt - RUS (Net)	168,944
9. Invest. in Assoc. Org. - Other - General Funds	621,718	38. Long-Term Debt - FFB - RUS Guaranteed	1,478,000
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	74,499	39. Long-Term Debt - Other - RUS Guaranteed	0
11. Investments in Economic Development Projects	0	40. Long-Term Debt Other (Net)	13,065,436
12. Other Investments	0	41. Long-Term Debt - RUS - Econ. Devel. (Net)	0
13. Special Funds	0	42. Payments – Unapplied	0
14. Total Other Property & Investments (6 thru 13)	913,308	43. Total Long-Term Debt (37 thru 41 - 42)	14,712,380
15. Cash - General Funds	62,811	44. Obligations Under Capital Leases - Noncurrent	0
16. Cash - Construction Funds - Trustee	19	45. Accumulated Operating Provisions and Asset Retirement Obligations	145,900
17. Special Deposits	0	46. Total Other Noncurrent Liabilities (44 + 45)	145,900
18. Temporary Investments	0	47. Notes Payable	1,400,000
19. Notes Receivable (Net)	0	48. Accounts Payable	339,632
20. Accounts Receivable - Sales of Energy (Net)	711,447	49. Consumers Deposits	13,650
21. Accounts Receivable - Other (Net)	137,085	50. Current Maturities Long-Term Debt	596,000
22. Renewable Energy Credits	0	51. Current Maturities Long-Term Debt - Economic Development	0
23. Materials and Supplies - Electric & Other	217,687	52. Current Maturities Capital Leases	0
24. Prepayments	8,110	53. Other Current and Accrued Liabilities	387,996
25. Other Current and Accrued Assets	0	54. Total Current & Accrued Liabilities (47 thru 53)	2,737,278
26. Total Current and Accrued Assets (15 thru 25)	1,137,159	55. Regulatory Liabilities	74,840
27. Regulatory Assets	0	56. Other Deferred Credits	21,440
28. Other Deferred Debits	171,887	57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)	22,795,223
29. Total Assets and Other Debits (5+14+26 thru 28)	22,795,223		





UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT</b> <b>ELECTRIC DISTRIBUTION</b>	BORROWER DESIGNATION  MI0029
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2017
<b>PART D. CERTIFICATION LOAN DEFAULT NOTES</b>	



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE				BORROWER DESIGNATION MI0029			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2017			
INSTRUCTIONS - See help in the online application.							
PART E. CHANGES IN UTILITY PLANT							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	23,814,534	2,410,754	359,224	(20,350)	25,845,714		
2. General Plant	2,061,347	17,590	162,380		1,916,557		
3. Headquarters Plant	527,073				527,073		
4. Intangibles	1,349				1,349		
5. Transmission Plant	0				0		
6. Regional Transmission and Market Operation Plant							
7. All Other Utility Plant	0				0		
8. Total Utility Plant in Service (1 thru 7)	26,404,303	2,428,344	521,604	(20,350)	28,290,693		
9. Construction Work in Progress	2,308,514	(1,364,631)			943,883		
10. Total Utility Plant (8 + 9)	28,712,817	1,063,713	521,604	(20,350)	29,234,576		
PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	236,663	123,363	3,160	147,164		1,665	217,687
2. Other	0						0
PART G. SERVICE INTERRUPTIONS							
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)			
1. Present Year	.490	7.410	.140	6.800	14.840		
2. Five-Year Average	68.460	32.790	4.340	93.650	199.240		
PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS							
1. Number of Full Time Employees	10	4. Payroll - Expensed		471,597			
2. Employee - Hours Worked - Regular Time	20,981	5. Payroll - Capitalized		223,729			
3. Employee - Hours Worked - Overtime	1,497	6. Payroll - Other		124,551			
PART I. PATRONAGE CAPITAL							
ITEM	DESCRIPTION		THIS YEAR (a)	CUMULATIVE (b)			
1. Capital Credits - Distributions	a. General Retirements						
	b. Special Retirements						
	c. Total Retirements (a + b)						
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power						
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System		72,444				
	c. Total Cash Received (a + b)		72,444				
PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE							
1. Amount Due Over 60 Days	\$	62,320	2. Amount Written Off During Year	\$	17,813		
ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM							
1. Anticipated Loan Delinquency %			4. Anticipated Loan Default %				
2. Actual Loan Delinquency %			5. Actual Loan Default %				
3. Total Loan Delinquency Dollars YTD	\$		6. Total Loan Default Dollars YTD	\$			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION					BORROWER DESIGNATION  MI0029				
INSTRUCTIONS - See help in the online application					PERIOD ENDED December, 2017				
PART K. kWh PURCHASED AND TOTAL COST									
No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Wisconsin Electric Power Co	20847			2,880,127	248,562	8.63		
2	Wisconsin Public Service Corp	20860			24,918,614	1,759,157	7.06		
3	Upper Peninsula Power Company	19578				324,669	0.00		
	Total				27,798,741	2,332,388	8.39		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION  MI0029
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2017
<b>PART K. kWh PURCHASED AND TOTAL COST</b>		
<b>No</b>	<b>Comments</b>	
1		
2		
3		



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2017	
<b>PART L. LONG-TERM LEASES</b>			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	TOTAL		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT          ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2017	
<b>PART M. ANNUAL MEETING AND BOARD DATA</b>			
1. Date of Last Annual Meeting  6/17/2017	2. Total Number of Members  4,197	3. Number of Members Present at Meeting  77	4. Was Quorum Present?  Y
5. Number of Members Voting by Proxy or Mail  107	6. Total Number of Board Members  7	7. Total Amount of Fees and Expenses for Board Members  \$ 47,867	8. Does Manager Have Written Contract?  N

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			BORROWER DESIGNATION  MI0029		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2017		
PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	168,944	76,291	80,686	156,977
2	National Rural Utilities Cooperative Finance Corporation	4,724,368	150,099	109,251	259,350
3	CoBank, ACB	8,341,068	409,539	348,875	758,414
4	Federal Financing Bank	1,478,000			
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
	TOTAL	14,712,380	635,929	538,812	1,174,741



UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  <b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</b>		BORROWER DESIGNATION MI0029		
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2017		
<b>PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY</b>				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	3,221	3,216	
	b. kWh Sold			17,290,681
	c. Revenue			4,201,196
2. Residential Sales - Seasonal	a. No. Consumers Served	1,279	1,281	
	b. kWh Sold			1,727,113
	c. Revenue			830,363
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	218	217	
	b. kWh Sold			4,902,581
	c. Revenue			953,584
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
6. Public Street & Highway Lighting	a. No. Consumers Served	134	134	
	b. kWh Sold			104,336
	c. Revenue			16,551
7. Other Sales to Public Authorities	a. No. Consumers Served	26	25	
	b. kWh Sold			61,105
	c. Revenue			18,682
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		4,878	4,873	
11. Total kWh Sold (lines 1b thru 9b)				24,085,816
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				6,020,376
13. Transmission Revenue				
14. Other Electric Revenue				119,587
15. kWh - Own Use				
16. Total kWh Purchased				27,798,741
17. Total kWh Generated				
18. Cost of Purchases and Generation				2,332,389
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident _____ Coincident _____				4,065

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FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION				PERIOD ENDED December, 2017		
INSTRUCTIONS - See help in the online application.						
PART P. ENERGY EFFICIENCY PROGRAMS						
CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers (a)	Amount Invested (b)	Estimated MMBTU Savings (c)	No. of Consumers (d)	Amount Invested (e)	Estimated MMBTU Savings (f)
1. Residential Sales (excluding seasonal)	3,216	51,624	44	3,221	274,307	4,321
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less	112	7,590	16	184	70,164	1,252
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total	3,328	59,214	60	3,405	344,471	5,573

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p><b>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS</b></p>	<p>BORROWER DESIGNATION MI0029</p> <p>PERIOD ENDED December, 2017</p>
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)					
No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	Federated Rural Electric Insurance Exchange	42,018			
	National Informational Solutions Cooperative	44,608			
	NRUCFC (Pat. Cap. memberber Cert & CTC's)	29,219	74,499		
	RESCO	65			
	Settler's Cooperative, Inxc.	510			
	American Transmission Company	566,136			
	CoBank	139,866			
	Cooperative Response Center	15,388			
	NRUCFC-membership	1,000			
	NCSC Membership				
	Totals	838,810	74,499		
<b>6</b>	<b>Cash - General</b>				
	Checking, Savings & Working Funds		62,811		
	Totals		62,811		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Various		137,085		
	Totals		137,085		
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	<b>838,810</b>	<b>274,395</b>		



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	PERIOD ENDED December, 2017

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION MI0029			
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS		PERIOD ENDED December, 2017			
INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.					
SECTION III. RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]					2.87 %
SECTION IV. LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				